



February 20, 2009

HOUSE BILL No. 1036

DIGEST OF HB 1036 (Updated February 18, 2009 7:09 pm - DI 113)

Citations Affected: IC 6-3.1; IC 21-9; noncode.

Synopsis: Lifelong learning account pilot program. Requires the Indiana education savings authority (authority) to establish and administer a lifelong learning account pilot program. Provides that the annual household income of a participating individual may not exceed 300% of the federal income poverty level. Specifies that a lifelong learning account established for a participating individual must: (1) be an account in a financial institution; and (2) allow a participating individual to deposit, from the individual's earned income, money that may be matched by the participating individual's employer, a financial institution, the state, or any other entity, and that will be used by the participating individual for education and training costs at a postsecondary educational institution, a vocational school, or a training program that may lead to employment for the individual. Requires the authority to seek grants and other funding for the pilot program from public and private entities. Provides that money withdrawn from a participating individual's lifelong learning account is not subject to state income taxation if the money is used by the participating individual for specified education and training costs. Provides a state tax credit for contributions to a lifelong learning account. Specifies that money in a participating individual's lifelong learning account may not be considered: (1) an asset of the participating individual when determining the individual's eligibility for the Temporary Assistance for Needy Families program; or (2) a countable asset for purposes of township assistance. (The introduced version of this bill was prepared by the interim study committee on adult education issues.)

Effective: July 1, 2009.

**Klinker, Thompson, VanDenburgh,
Behning**

January 7, 2009, read first time and referred to Committee on Education.
February 2, 2009, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 127.
February 19, 2009, amended, reported — Do Pass.

HB 1036—LS 6129/DI 73+



C
o
p
y

February 20, 2009

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

HOUSE BILL No. 1036

A BILL FOR AN ACT to amend the Indiana Code concerning education.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-18-6 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 6. (a) Subject to the
3 limitations provided in subsection (b) and sections 7, 8, 9, 10, and 11
4 of this chapter, the department shall grant a tax credit against any state
5 tax liability due equal to **the following**:

6 (1) Fifty percent (50%) of the amount contributed by a person or
7 an individual to a fund if the contribution is not less than one
8 hundred dollars (\$100) and not more than fifty thousand dollars
9 (\$50,000).

10 (2) **Fifty percent (50%) of the amount contributed by a person**
11 **or an individual to a lifelong learning account established**
12 **under IC 21-9-9.5, if the contribution is not less than one**
13 **hundred dollars (\$100) and not more than two thousand**
14 **dollars (\$2,000).**

15 (b) The credit provided by this chapter shall only be applied against
16 any state tax liability owed by the taxpayer after the application of any
17 credits that under IC 6-3.1-1-2 must be applied before the credit

HB 1036—LS 6129/DI 73+



C
o
p
y

provided by this chapter.

SECTION 2. IC 6-3.1-18-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 10. (a) The amount of tax credits allowed under this chapter may not exceed:

(1) two hundred thousand dollars (\$200,000) for contributions to a fund; and

(2) two hundred thousand dollars (\$200,000) for contributions to a lifelong learning account established under IC 21-9-9.5; in any state fiscal year.

(b) The department shall:

(1) record the time of filing of each application for allowance of a credit required under section 9 of this chapter; and

(2) approve the applications, if they otherwise qualify for a tax credit under this chapter, in the chronological order in which the applications are filed in the state fiscal year.

(c) When the total credits approved under this section equal the maximum amount allowable in any state fiscal year, an application filed after that time for the same fiscal year may not be approved. However, if an applicant for whom a credit has been approved fails to file the statement of proof of payment required under section 9 of this chapter, an amount equal to the credit previously allowed or set aside for the applicant may be allowed to any subsequent applicant in the year. In addition, the department may, if the applicant so requests, approve a credit application, in whole or in part, with respect to the next succeeding state fiscal year.

SECTION 3. IC 21-9-9.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]:

Chapter 9.5. Lifelong Learning Account Pilot Program

Sec. 1. As used in this chapter, "lifelong learning account" means an account established under section 5 of this chapter.

Sec. 2. As used in this chapter, "participating individual" means an individual who has an annual household income of not more than three hundred percent (300%) of the federal income poverty level and is participating in the pilot program under guidelines established by the authority.

Sec. 3. As used in this chapter, "pilot program" refers to the pilot program established under section 4 of this chapter.

Sec. 4. (a) The authority shall establish and administer a lifelong learning account pilot program.

(b) The authority shall establish written guidelines for administration of the pilot program, including written guidelines

C
o
p
y



concerning:

- (1) the eligibility of individuals and financial institutions to participate in the pilot program; and
- (2) the permissible uses of money in a lifelong learning account.

Sec. 5. (a) The pilot program shall be implemented to encourage the establishment of lifelong learning accounts for participating individuals. A lifelong learning account established for a participating individual must:

- (1) be an account in a financial institution participating in the pilot program; and
- (2) allow a participating individual to deposit, from the individual's earned income, money:
 - (A) that may be matched by the participating individual's employer, a financial institution, the state, or any other entity; and
 - (B) that will be used by the participating individual for any tuition, laboratory costs, books, computer costs, and other fees that are incurred at a postsecondary educational institution, a vocational school, or a training program that may lead to employment for the individual.

(b) Money withdrawn from a participating individual's lifelong learning account is not subject to taxation under IC 6-3-1 through IC 6-3-7 if the money is used by the participating individual for the purposes described in subsection (a)(2)(B).

Sec. 6. Money in a participating individual's lifelong learning account may not be considered:

- (1) an asset of the participating individual when determining the individual's eligibility for assistance under IC 12-14; or
- (2) a countable asset (as defined in IC 12-7-2-44.6) for purposes of IC 12-20.

Sec. 7. The authority shall seek grants and other funding for the pilot program from public and private entities.

Sec. 8. The pilot program shall be administered separately from the college choice 529 investment plan or any other education savings plan administered by the authority.

Sec. 9. (a) Before November 1 of each year after 2009, the authority shall submit a report to the governor and the general assembly on the pilot program. The report submitted in 2014 must include the following:

- (1) Any conclusions and recommendations made by the authority concerning the pilot program.

C
o
p
y



1 (2) Information concerning the cost and feasibility of
2 expanding the pilot program.

3 (b) A report submitted to the general assembly under this
4 section must be in an electronic format under IC 5-14-6.

5 Sec. 10. This chapter expires January 1, 2015.

6 SECTION 4. [EFFECTIVE JULY 1, 2009] IC 6-3.1-18-6 and
7 IC 6-3.1-18-10, both as amended by this act, apply to taxable years
8 beginning after December 31, 2008.

C
o
p
y



COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred House Bill 1036, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

PORTER, Chair

Committee Vote: yeas 12, nays 0.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1036, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 13, delete "fifty" and insert "**two**".

Page 1, line 14, delete "(\$50,000)." and insert "**(\$2,000).**".

Page 2, line 33, after "who" insert "**has an annual household income of not more than three hundred percent (300%) of the federal income poverty level and**".

and when so amended that said bill do pass.

(Reference is to HB 1036 as printed February 3, 2009.)

CRAWFORD, Chair

Committee Vote: yeas 17, nays 0.

C
o
p
y

